



The Prevalence and Contributing Factors of Urban Unemployment in Metropolitan Centers of Amhara National Regional State, Ethiopia

^aSeidJibril Mohammed, ^bkelemuFentaGebeyehu and ^cEndeshawAynetuBitew

^{a,b}Lecturer, Department of Sociology, School of Sociology and Social work, Gondar University

³Lecturer, Department of Social Work, School of Sociology and Social work, Gondar University

Email: ^aseidw14@gmail.com, ^bkelemusosa@gmail.com & ^cEndesh201@gmail.com

Abstract

Introduction: The immense influx of population from rural to urban areas and rapid urbanization together with lack of meticulous urban planning has been accompanied by grave socioeconomic problems like unemployment. The extent of the problems is enormous in developing countries including Ethiopia.

Objective: In this study the researchers aim to examine the prevalence and contributing factors of urban unemployment in metropolitan centers of Amhara National Regional state that are Bahir Dar, Dessie and Gondar, North West Ethiopia.

Method: To address these objectives, we had employed a cross sectional quantitative research method. Considering land use classification and population density of each cities; proportionately equal number of survey respondents were taken from Gondar and Bahir Dar (i.e. 38% each), while the remaining 23% were residents of Dessie.

Result: The result of the study revealed weak, but statistically significant association between the metropolitan cities and economically active population, above the age of 18, ($F=2.66$; $\alpha=.08$). Residents of the city of Gondar had significantly higher occupational status score (47.7) as compared to the residents of both Bahir Dar (43.1) and Dessie (39.9) ($F=8.32$; $\alpha=.001$). The average unemployment rate of metropolitan cities of the Amhara national regional state is 26.9% with the highest rate in Gondar (33%) followed by Dessie (26%) and least in Bahir Dar (19%). This rate of unemployment was attributed to lack of opportunities (74.5%), domestic responsibilities (9.5%), Lack of motivation or will (7.6%), lack of adequate work experience and marketable skills (5.7%) and physical disability (2.9%).

Conclusion: In addition to the vital role of family and the government in addressing individual and structural factors of unemployment, improving ones' professional and communication skills are also requisites to enhance employability.

Key Words: *Metropolitan Urban Center, unemployment*

Introduction

Unemployment covers persons who are without work, yet they are currently available for work during the reference period (ILO, 1992). As it is stated in CSA (2010:259) for Ethiopia unemployment refers: "persons without work but willing to take up work for wage or salary in locally prevailing term."

In spite of the fact that unemployment is something varied, elusive and veiled experience. Many people assumes it is a familiar topic, apparently there is nothing to know about unemployment, as though it were nothing in itself, just the absence of work. The unemployed are not only without regular activity, but also with no defined social status, sense of solidarity and collective purpose and contribution to the wider social structure, and structured experience of time that are available to those in work. Which all are great menace and potential threat of social and economic development (Boland & Griffin, 2016).

Empirical researches identified various structural and personal causes of unemployment such as, economic gloominess, discrimination on the basis of age, sex, ethnicity, health, family economic status, inadequate information and counseling, divergence between their skills and demands of labor markets, less access to resources and services and attitudes towards jobs (Morris, 2006; Salvador and Killinger, 2008).

Likewise, theories state different grounds of unemployment. For instance, Marxist enlightens the proliferation of unemployment following the capital intensive production process of capitalism. For them unemployment is an endemic problem of capitalism, and one which could get progressively worse (Ntombizanele, 2001). The problem of unemployment attributed to multinational corporations and their investment in developing nation by dependency theorists. For classical theory, unemployment is caused by a deviation from the equilibrium prices and wages which would establish them with a free market and wage flexibility. Keynesian employment theory is certain on the occurrences of unemployment if governors are unable to take expansionary fiscal or monetary policies and increase government expenditure (Ghosh, 2001; Mohammed, 2011; Bin-Obaid, 1997; Meccheri, 2005) (Cited in (Fitum, 2014)). For Monetarism, there is a 'natural rate' of unemployment in any economy. The government could not reduce unemployment below the natural rate without causing excessive inflation. The natural rate of unemployment was affected by level of unemployment benefit and the flexibility of wage rates (Ntombizanele, 2001).

Being a developing nation coupled with high rate of urbanization, the unpleasant incident of unemployment is becoming a major socioeconomic problem of most urban centers of Ethiopia and the Amhara national regional state particularly. Albeit, the urban and construction sector of the growth and transformation plan I (2010) and urban development policy of Ethiopia (1997), emphasize on urban poverty and unemployment reduction as key strategy areas; many of Ethiopian urban centers are characterized by poorly developed economic base and high rate of urban unemployment. More than half of the urban population is engaged in informal economic activity (Samson & Tiwari, 2012; (MUDHCo, 2014). About 25.7% of the nation's urban population is living below the poverty line (MoFED, 2012).

These challenges and problems of Ethiopian urban centers have been compounded by the recent unprecedented high rate of urbanization (4.2%, Fransen & Vandijk, 2008) which has resulted in rising urban unemployment. The average urban youth unemployment was estimated to be 25% (Samson & Tiwari, 2012). According to Nzinga, & Tsegay (2012) urban Ethiopia's employment to population ratio was 58 percent. The regional average of youth unemployment was 21.2% Statistical Agency of Ethiopia (CSA, 2006). Also, the region is one of the top three regions of the country with high rate of urban unemployment (CSA, 2010b).

Contrary to the extensive academic and interventional works on unemployment, the existing high unemployment rate and its enormous economic, social and political connotations at a standstill validate researches like this one. Besides, since unemployment is not natural its definition, cause, consequences and solutions are too contextual, which needs up-to-date and specific data. This research attempts to find out the rate and factors responsible for unemployment among the residents of Bhir Dar, Dessie and Gondar cities. Where comprehensive research reports on the rate and contributing factors of unemployment are scarce and outdated.

Methods and Procedures

Quantitative Data were collected from the households in the study area. The research design was cross sectional and multistage. The three Cities were selected purposively, as they are metropolitan centers in the Amhara national regional state. Then sub-cities of each city were categorized as per the density of population and the dominant land use classification. At the end the researchers use random sampling techniques to identify households which were included in the research as respondents. A Total of 440 households were surveyed by using interviewer administered structured questionnaires.

Results and Discussion

Background information of Respondents

Table 1: Respondents by Current City and Sub city of residence

Sub-city Name		City			Total
		Gondar City	Bahir Dar City	Dessie City	
Arada [Gondar]	N[%]	30 [17.5]	0 [0]	0 [0]	30 (6.8)
Maraki [Gondar]	N[%]	99 [57.9]	0 [0]	0 [0]	99 [22.5]
Airport [Gondar]	N[%]	42 [24.6]	0 [0]	0 [0]	42 [9.5]
G20 [Bahir Dar]	N[%]	0 [0.0]	41 [24.6]	0 [0]	41 [9.3]
Hidar 11 [Bahir Dar]	N[%]	0 [0]	73 [43.7]	0 [0.0]	73 [16.6]
SefeneSelam [Bahir Dar]	N[%]	0 [0]	53 [31.7]	0 [0.0]	53 [12.0]
Menafesha [Dessie]	N[%]	0 [0]	0 [0.0]	50 [49.0]	50 [11.4]
Ager Gizat [Dessie]	N[%]	0 [0]	0 [0.0]	30 [29.4]	30 [6.8]
Arada [Dessie]	N[%]	0 [0]	0 [0.0]	22 [21.6]	22 [5.0]
Total	N[%]	171 [100]	167 [100]	102 [100]	440 [100]

[Source: Survey, 2016]

As designated in the above table, the number of participants were equal and it was(38%) in Gondar and Bahir. The rest of 23% of the participants were from Dessie City. With regard to the distribution of respondents across the sub cites of the study areas , Maraki Sub city take the largest proportion (57.9%) followed by Airport (42%) and Arada (17.5%) sub cities in the city of Gondar. In Bahir Dar, the majority (43.7%) of respondents were fromHidar 11 sub city. SefeneSelam (31.7%) and G20 (24.6%) are the other subcities of Bahir Dar where the participants were drawn. Furthermore, from Dessie, Menafesha (49%), Ager Gizat (29.4%) and Arada (21.6%) subcities had been incorporated.

Table 2: The Socio Economic Status of Respondents by City of Residence

Variables		Cities			Total
		Gondar City	Bahir Dar City	Dessie City	
Household size	(x[n])	4.6 [166]	4.6 [164]	4.7 [101]	4.5 [431]
Above 18 economically active*	(x[n])	1.8 [139]	2.1 [148]	2.0 [96]	2.0 [383]
Retired HH members	(x[n])	1.2 [31]	1.1 [19]	1.1 [23]	1.1 [73]
Approximate years of schooling of the HH head	(x[n])	8.5 [171]	8.4 [167]	8.0 [102]	8.4 [440]
ISEI Occupational Status****	(x[n])	47.7 [171]	43.1 [103]	39.9 [99]	44.3 [373]

****sig at .001; ***sig at.01; **sig at .05; *sig at .1

[Source: Survey, 2016]

According to the occupational categories of residents ISEI (International Socioeconomic Indicator) occupational status score, residents of the city of Gondar had significantly higher occupational status score (47.7) as compared to the residents of both Bahir Dar (43.1) and Dessie (39.9) ($F=8.32$; $\alpha=.001$).

There was a weak statistically significant association between the metropolitan cities and economically active population above the age of 18 ($F=2.66$; $\alpha=.08$). Implies relatively large number of people who are economically active and above 18 are in Bahir Dar (2.1) followed by Dessie and Gondar (2) and (1.8) respectively. The test, however, did not find statistically significant association

between city, on the one hand, and retired status of residents, level of education and household size, on the other.

Magnitude and Contributing Factors of Unemployment

Table 3: Labor Force Distribution by City of Residence

Variables		City			Total
		Gondar	Bahir Dar	Dessie	
	(%[n])	40 [241]	34 [203]	26[153]	100 [597]
<i>Number of household members above the age of 18 and</i>					
• <i>Economically active*</i>	(%[n])	36 [139]	39[148]	25 [96]	100[383]
• <i>Retired</i>	(%[n])	42[31]	26 [19]	32[23]	100[73]
• <i>Unemployed</i>	(%[n])	50 [71]	26 [36]	24[34]	100 [141]
*sig at .1 [Source: Survey, 2016]					

The table above shows the distribution of household members who are economically active, retired and unemployed in the three cities. In Bahir Dar the number of economically active household members (39%) is relatively higher than Gondar (36%) and Dessie (25%). In Gondar the number of household members who are retired (42%) and unemployed (50%) is higher than both the cities of Dessie (32%), (24%) and Bahir Dar (26%), (26%) respectively. Furthermore, the average unemployment rate of the metropolitan cities of the Amhara national regional state is 26.9% with the highest rate in Gondar (33%) followed by Dessie (26%) and least in Bahir Dar (19%) which is Consistent with the regional unemployment rate of 27% (Broussara&Tsegay, 2012). This is five times greater than the estimated natural rate of unemployment between 4.7 percent and 5.8 percent, since Frictional and structural unemployment occur even in a healthy economy, by the Federal Reserve of USA 2017. Moreover, this rate is by far greater than the countries average urban unemployment rate (16.5 percent in 2013, CSA, 2014).

Table 4: Contributing Factors of Unemployment by City

			City			Total
			Gondar	Bahir Dar	Dessie	
Causes of Unemployment	<i>Disability</i>	N[%]	2 [3.6]	1 [4.5]	0 [0.0]	3 [2.9]
	<i>Domestic Responsibilities</i>	N[%]	7 [12.7]	0 [0]	3 [10.7]	10 [9.5]
	<i>Lack of Adequate Work Experience and Skills</i>	N[%]	0 [0]	2 [9.1]	4 [14.3]	6 [5.7]
	<i>Lack of Opportunity</i>	N[%]	41 [74.5]	19 [86.4]	18 [64.3]	78 [74.5]
	<i>Lack of Will or Motivation</i>	N[%]	5 [9.1]	0 [0]	3 [10.7]	8 [7.6]
	Total	N[%]	55 [100]	22 [100]	28 [100]	105 [100]
[Source: Survey, 2016]						

As the table above shows, the single most pertinent cause of unemployment for residents of the three cities was reportedly lack of opportunity. Between the cities, it was found to be more significant for residents of Bahir Dar (86.4%) as compared to the residents of Gondar (74.5%) and Dessie (64.3) in terms of having a job. Absence of job availability as a cause employment also indicated by of (Busrah, 2014).This finding agrees with Ntombizanele, (2001), natureandextentofthe labormarketis responsiblefor the highrate of unemployment.Conceptual can be explained as one category of Structural unemployment, focuses on the structural problems within an economy and inefficiencies in labor markets.

The second most reported cause of unemployment, however, deferred for the three cities: 'domestic responsibilities' accounted for 12.7% of the unemployment cases at Gondar, while lack of adequate work experience and marketable skills among residents of the city of Bahir Dar (9.1%) and Dessie (14.3%) took their relative share. Lack of education or endowment loss as a predictor of reducing employability and earning capacity are also indicated by (Dula E. & Degefa T., 2017)

Correspondingly to these findings age, sex, marital status, educational level, job preference, lack of business advisory services, weak social network and being migrant are indicated in the work of (Tesfaye 2015; Asalfew, 2015) as a demographic and socioeconomic determinates of unemployment. Moreover, Allen, (1986) and White, (1989) stated that youth unemployment is caused by jobs that demand workers with skills, qualifications or other attributes not usually possessed by Young people and that young people failed to adapt this situation.

Conclusion

Unemployment is found to be the major problem with an average rate of 26.9% and the highest in Gondar (33%) followed by Dessie (26%) and least in Bahir Dar (19%). This high rate of unemployment is explained by both structural (the labor market situation, and be short of linkage between employer organizations and training institutions or a mismatch between the requirements of the employers and the properties of the unemployed) and personal factors including lack of various opportunities, burdened with domestic responsibilities, lack of will and/ or motivation, lack of adequate work experience and marketable skills and disability problems. Although, findings are more or less found to be consistent with the previous similar undertakings regarding the contributing factors of unemployment. It seems that, the rate of unemployment was underestimated by the majority.

Recommendations

Among others, this research discover lack of various opportunities as a significant predictor of urban unemployment in the cities and hence, authorities at all level and people in the social network of unemployed individuals have to work on empowering and encouraging them to enhance their participation in the economy. Further support and scale up also required regarding direct employment generation (promoting small and medium enterprises, cooperatives, wage subsidies, public works, and guaranteed job schemes).

Improve the skill and experiences of unemployed individuals requires the efforts of Higher institutions, technical and vocational training colleges and industries in terms of making easy to get to special short and long term trainings which aimed at Skills development to enhance employability and productivity. In addition, the education and training policy has to be revised and constantly updated in a way which can meet the short- and long-term skill and knowledge requirements of the labor market. Due consideration shall be made, by all stakeholders, to address the needs of unemployed individuals with domestic responsibilities and disabilities on top of the stipulation of part time works and creation of inclusive work environment.

As a developing labor market in addition to regular monitoring, needs well established labor regulations and standards such as adequate wage policies (minimum salaries and equal pay for work of equal value), job security provisions (recruitment/dismissal of employees), working conditions (minimum age, maximum working hours and overtime, leave provisions, occupational health and safety), industrial relations, special protection for mothers, and antidiscrimination provisions to protect people with disabilities and minorities as well as to increase the involvement of unemployed people because of lack of will and motive in the economy.

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